

Swedbank Pension Fund K2 (Balanced Strategy)

January 31, 2010

Investment Principles

Swedbank Pension Fund K2 (Balanced Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve long-term, stable capital growth. The Fund's assets will be invested in bonds, shares, money market instruments and other assets of either Estonian or foreign origin. The Fund's assets may be invested in shares or in the investment funds dealing with investments in shares to the extent of 25% of the market value of the Fund's assets.

General information

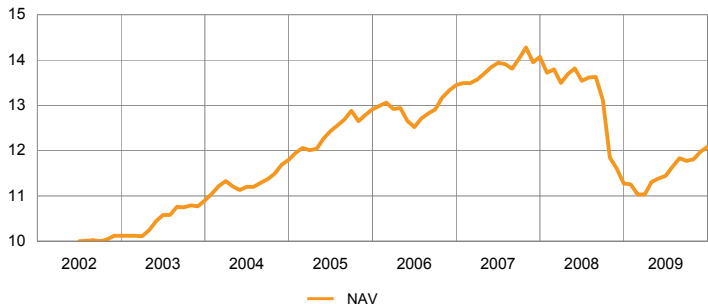
Fund Management Company: Swedbank Investeermisfondid AS
 Fund Manager: Jelena Fedotova
 Inception: 2002
 Contact: Swedbank offices and tel. 6 310 310
 www.swedbank.ee/funds

Net Asset Value (NAV): 12.12 EEK
 Net Assets: 2 048 302 055 EEK
 Management Fee per annum: 1.45%
 Subscription Fee: 0.0%
 Redemption Fee: 1.0%
 Benchmark: EPI75

Statistics (computed over 3 years)

Standard Deviation: 7.7%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	0.3%	0.3%	2.7%	7.7%	-10.1%	1.5%	21.2%
Annualized				7.7%	-3.5%	0.3%	2.6%

	2003	2004	2005	2006	2007	2008	2009
Performance	7.7%	8.3%	9.4%	4.2%	4.6%	-19.9%	7.2%

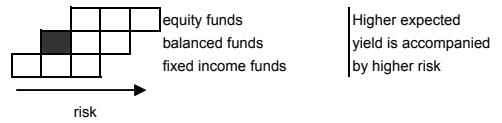
Manager Commentary

The first month of 2010 was rather volatile across the main equity markets. Over the first two weeks of January prices of most risky assets were up, helped by the upward revisions in earnings expectations and positive macro releases. However, in the middle of the month worries about economic policy tightening in China and stricter banking sector regulation in the USA sent markets lower. Regionally the best returning markets where the fund invests in were Baltic and Russian equities, while Latin America and Asia detracted performance.

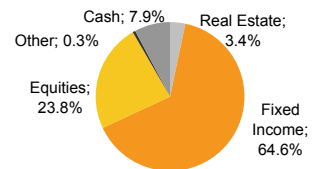
At the end of January we started to turn the fixed income allocation towards lower duration and less corporate credit sensitive. We sold most of the Euro government bonds positions with more than 5 years duration and reduced positions in euro investment grade credit space. We see that gradually improving global business cycle coupled with increasing fiscal deficits will put an upward pressure on government bonds' interest rates over 2010. In the corporate investment grade credit space we see risks that excessive governments' borrowing can have a crowding out effect on corporate bond issues. Our favourite picks in fixed income markets are investment grade Baltic region bonds, where we added a 1,5 year long Lithuanian Government EEK denominated bond over January.

The value of the Fund's unit can either grow or decrease in time. The current return of the Fund shall not guarantee the same return in the future. Funds investing in foreign markets are vulnerable to monetary movements, which may lead to a growth or decrease of the net asset value of the Fund's unit. Pension Funds are founded on the basis of Funded Pensions Act. The following payment which conditionally consists of two parts - tax (4% portion of the social tax) and contribution (2% contribution of the state funded pension, withheld by the employer on the employee's gross wages) - shall be transferred to the mandatory funded pension account for a person who has joined the funded pension system.

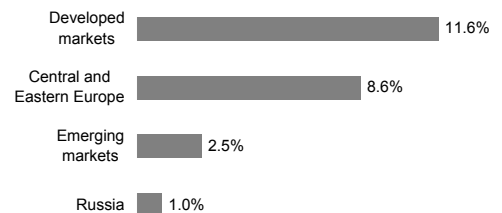
Risk level



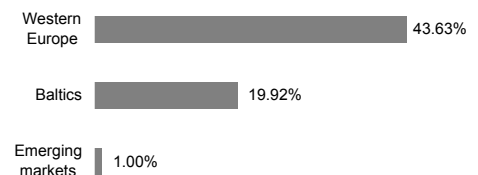
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Largest investments

Stocks	Weight
SSGA USA Index Equity Fund	3.4%
SSGA Tracks Pan Euro	3.3%
Hansa CEE Fund of Funds	2.6%
Luxor Eastern Europe Index Fund	2.0%
SSGA Europe Index Equity Fund	1.6%
Bonds	Weight
SSGA Euro Corp. Bond Index Fund	5.3%
Lithuania EEK 07.07.2011	4.6%
Italy 3.75% 15.12.2013	4.1%
Germany 4.75% 04.07.2040	3.7%
Greece 4.3% 20.03.2012	3.3%